

Organizational Ethics – Pay for Performance Poster

Question: Is “Pay for Performance” ethical in all situations?

Domains: Health/Law Policy, Health Resource Allocation

Method of Research/Model: This is a poster presentation of the ethics of “pay for performance” measures that are being implemented across the United States and in foreign countries as an alternative method for reimbursement, which has been traditionally “fee for service”. Kissick’s Iron Triangle, Health Policy Making Model (adapted from class)

Assumptions: Pay for performance is a new method of reimbursement that is being introduced by Medicare/Medicaid as a means for decreasing health costs.

Overview:

Pay for performance (P4P) is a relatively new reimbursement method that provides financial incentives to clinicians for achieving better health outcomes. The basis for this new method of reimbursement is the idea that P4P increases quality while decreasing costs. However, P4P reimbursement rewards some clinicians for positive outcomes, but punishes others for not meeting the same outcomes in dependent of patient decisions or chooses. A potential consequence of pay for performance is patient disenrollment for noncompliance, substandard outcomes due to chooses, or negative behaviors. While some providers can lead their patients to better outcomes, some providers may not be able to control their patient’s socioeconomic conditions. Patients on the lower end of the socioeconomic ladder could prove tougher to treat and result in less than ideal health outcomes. Since P4P reimbursements are tied to Medicaid and Medicare, healthcare organizations treating patients from lower socioeconomic levels could be reimbursed less than those in higher income areas. In light of the pressures to meet expected outcomes, the idea of “risk adjustment” or exclusion criteria has been introduced for noncompliance and areas of low socioeconomic status and based on patient behaviors.

Proposed COA:

Pay for performance measures need to be evaluated for ethics, knowledge, and implementation.

Findings:

We investigated the ethics of risk adjusting P4P reimbursement goals to avoid lower standards of healthcare in areas of lower socioeconomic strata using the Baylor decision-making model and an adapted version of Nash’s questions. We conclude that when you take contextual factors into account, there are many aspects of health that are out of the provider’s control and, to some extent, the patient’s control. It is unjust to expect the provider to perform at the same criterion regardless of these socioeconomic factors and patient chosen behaviors.

Lessons Learned:

Implementation of new reimbursement strategies need to be evaluated by systemically and ethically.